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FISCAL IMPACT STATEMENT

LS 6024

BILL NUMBER: SB 30

NOTE PREPARED: Oct 24, 2012

BILL AMENDED:

SUBJECT: Early Childhood Literacy Pilot Program.

FIRST AUTHOR: Sen. Head

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill establishes the Early Childhood Literacy Grant Program as a two-year pilot program within the Division of Family Resources. The bill requires the Division of Family Resources to establish, implement, and evaluate the program and report to the Legislative Council concerning the program. The bill also appropriates money from the Build Indiana Fund.

Effective Date: July 1, 2013.

Explanation of State Expenditures: This bill requires the Division of Family Resources (DFR) to administer an Early Childhood Literacy Grant Pilot Program. This pilot program is intended to provide early childhood reading programs to approximately 200 children (by way of approximately 80 classrooms and one FTE mentor) in either day care or child care homes, centers, and/or ministries.

The bill appropriates money from the Build Indiana Fund for the pilot program; however, the amount allocated for the program is to be determined by the State Budget Agency (SBA). As a result, any increase in actual state expenditures is currently unknown.

The bill requires grant funding recipients to perform and submit program evaluations to the DFR in August, January, and June of every year. Additionally, the bill requires the DFR to report the results of these evaluations to the Legislative Council by November 1 of each year and issue a final report of the evaluation findings by November 1, 2016. The reporting requirements of the bill are expected to increase the workload of the DFR. The increased workload on the DFR may require additional staffing and resource levels and, provided money is allocated to the pilot program, the necessary funding levels may be provided by an allocation

made by the SBA. The additional funds and resources required for full implementation of the bill's requirements could also be supplied through existing staff and resources currently being used in another program or with new appropriations from the General Assembly or from an allocation made by the SBA. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

The Family and Social Services Administration estimates this program will require a total of approximately \$301,000 for the two-year pilot program for staffing, contracts, equipment and supplies, and printing and postage. This cost includes the cost of providing grants to approximately 80 classrooms for the early childhood literacy program (a total of approximately 200 children).

Background Information - Resources Available to the BIF: The Build Indiana Fund (BIF) receives funds from two sources: (1) surplus Lottery revenue and (2) revenues from gaming taxes and pari-mutuel taxes. Under current statute, surplus Lottery revenue in the Lottery Commission's Administrative Trust Fund is first transferred to the Teachers' Retirement Fund (TRF) and the Pension Relief Fund (PRF). Once these transfers are made, the remaining surplus Lottery revenue is distributed to the BIF.¹

Current statute also requires distribution of revenue from the Riverboat Wagering Tax, the Pari-mutuel Wagering Tax, the Pari-mutuel Satellite Facility Tax, the Charity Gaming Excise Tax, and the Charity Gaming License Fee to the BIF. The total annual distribution to the BIF from Lottery, gaming, and pari-mutuel sources is effectively capped at \$250 M. This is because the annual distribution of Riverboat Wagering Tax revenue is limited to an amount equal to \$250 M minus the sum of the surplus Lottery revenue and revenue from other gaming and pari-mutuel taxes distributed to the BIF during that fiscal year. The required amount of Riverboat Wagering Tax is transferred to the BIF from the state General Fund at the end of the fiscal year.

Distributions from BIF: Under current statute, \$236.2 M annually must be transferred from the BIF to the Motor Vehicle Excise Tax Replacement Account (MVETRA) within the state General Fund. Money remaining in the BIF after the MVETRA transfer is available for state and local capital projects. The table below contains actual BIF revenue and spending totals for FY 2010, FY 2011, and FY 2012, and a projection for FY 2013.

¹Beginning in FY 2011, the distribution of surplus Lottery revenue changed from a quarterly distribution to a monthly distribution, with surplus Lottery revenue generated in a month distributed to the TRF, the PRF, and the BIF during the next month. Consequently, 14 months of revenue was distributed to these funds during FY 2011 (three months from April 2010 to June, 2010 as a quarterly distribution in July 2010; and monthly distributions of revenue from July 2010 to May 2011 distributed as monthly distributions from August 2010 to June 2010). After FY 2011, 12 months of revenue will be distributed in each fiscal year.

Surplus Lottery and Gaming Revenue & Distributions (Millions)*				
Revenues & Distributions	FY 2010 (Actual)	FY 2011 (Actual)	FY 2012 (Actual)	FY 2013 (Projected)
Beginning Balance in BIF	3.8	2.2	2.0	1.6
Surplus Lottery Revenue in Adm. Trust Fund	183.9	230.2	207.6	205.0
TRF Transfer	(30.0)	(35.0)	(30.0)	(30.0)
PRF Transfer	(30.0)	(35.0)	(30.0)	(30.0)
Surplus Lottery Revenue to the BIF	123.9	160.2	147.6	145.0
Surplus Gaming Revenue to the BIF	126.1	89.8	102.4	105.0
Interest	0.0	0.0	0.0	0.0
Total Resources in the BIF	253.8	252.2	252.0	251.6
MVETRA Transfer	(236.2)	(236.2)	(236.2)	(236.2)
Total Transfers	(236.2)	(236.2)	(236.2)	(236.2)
Amount Available for State & Local Capital Projects	17.6	16.0	15.8	15.4
Amount Allotted to State & Local Capital Projects**	15.3	14.0	14.2	14.2
*Updated 8/31/2012 **FY 2013 assumes appropriation amounts under HEA 1001-2011 will be allotted.				

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DFR, SBA.

Local Agencies Affected:

Information Sources: Melanie Brizzi, FSSA; State Budget Agency; Auditor of State Revenue Trial Balance; Christina Hage, FSSA.

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